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IN THE SPECIFICATION

Please amend the specification at page 26, line 14 - page 27, line 10 as follows:

In the example shown in Figs. 3A-3D Fig. 3, the four-bit digital watermark information iw is embedded into one frame. However, the even-numbered and odd-numbered fields may be divided into smaller units, thereby making it possible to embed more bits of digital watermark information into one frame. Alternatively, two or more frames may be used to embed more bits of digital watermark information.

The embedding modulator 103 modulates the pattern to suitably embed digital watermark information iw represented by the pattern shown in Fig. 3 into a host signal (video signal). For example, the embedding modulator 103 first analyzes the complexity of the signal read by the playback unit 101, and then modulates the pattern so that a larger amount of digital watermark information can be embedded into a signal component on which the visual or audible masking effect (a larger amplitude signal makes a smaller amplitude signal invisible or inaudible) can be most effectively exerted. For example, a larger amount of digital watermark information embedded into a high frequency signal component becomes invisible (inaudible). A larger amount of digital watermark information embedded into a signal component which sharply

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fluctuates over time becomes invisible (inaudible) .--